



**U.S. Department of Justice**

***United States Attorney  
Eastern District of Arkansas***

**FOR IMMEDIATE RELEASE**  
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**FORMER USA DRUG VICE PRESIDENT AND TWO RELATIVES  
INDICTED ON MAIL FRAUD AND MONEY LAUNDERING CHARGES**

**Little Rock** - Jane W. Duke, United States Attorney for the Eastern District of Arkansas, announced that Garret Sorensen, age 39, a former Vice-President of USA Drug, and his wife, Katherine Sorensen, age 36, along with her sister, Shannon Walters, age 33, all of North Little Rock, were indicted today by a federal grand jury on one count of conspiracy to commit mail fraud, 29 counts of mail fraud, and three counts of money laundering.

“The U.S. Attorney’s Office is firmly committed to investigating and prosecuting corporate insiders who engage in self-dealing to the detriment of their employers,” stated Duke. She continued, “such conduct not only violates the trust that business owners place in their executive staffs, it results in significant losses to the company. Furthermore, in order to thoroughly investigate these matters, the company may be required to conduct a costly internal investigation. These losses and costs are ultimately passed along to us, as consumers, in the form of higher priced goods and services. During this difficult economic time, businesses and consumers alike are having to watch their finances closely in order to make ends meet. Fraudulent schemes such as this will be prosecuted to the fullest extent of the law.”

The fraud charges stem from transactions made by the Sorensens and Walters between 2005 and 2007. During this time, Garret Sorensen was employed by USA Drug as the Vice President of Advertising. Before late 2005, USA Drug used a direct mail advertising company for direct mail circulars and a media placement company to negotiate for and place newspaper advertising. Both the direct mail company and the media placement company billed USA Drug directly for their services. The media placement company charged a 5% flat fee for its services.

In late 2005, Garret Sorensen, Katherine Sorensen, and Shannon Walters formed Multi-Media Management (MMM), which they represented to be a media placement company. Garret Sorensen, purporting to act on behalf of, and in the interest of USA Drug, replaced the media

placement company USA Drug had been using with MMM for media placement services. He also requested that the direct mail company bill USA Drug through MMM. By making these changes, MMM functioned as an intermediary between USA Drug and advertising outlets, purportedly to assist USA Drug in negotiating and placing advertising. The Indictment alleges that Garret Sorensen, who owed USA Drug a fiduciary duty of loyalty and a responsibility to deal in good faith with his employer, did not disclose to USA Drug that MMM was actually owned and operated by himself, his wife, and his sister-in-law.

After MMM became the media placement company for USA Drug, Garret Sorensen negotiated the advertising terms and rates with USA Drug's vendors. Once terms and rates were reached, the advertising was placed and the vendors' bills were sent to MMM as directed by Sorensen. MMM accumulated the invoices and prepared a comprehensive MMM invoice that identified the vendor and cost for advertising. The cost for advertising by each vendor would be inflated by MMM without identifying the added cost, and the comprehensive bill was forwarded to USA Drug for payment without attaching the original vendor invoices. Costs were inflated by increasing the per rate charge by the vendor, increasing the quantity of items billed, charging for services not provided and/or billing for services of one vendor which had already been included in another vendor's bill. Garrett Sorensen approved and authorized payment by USA Drug for the MMM invoices and the paying agent within USA Drug would mail a check to MMM. MMM would then pay the individual vendors.

To conceal their involvement with MMM, the defendants used a Post Office box for the company on tax forms and a bank account opened in MMM's name. Shannon Walters was made a signatory on MMM's bank account and she signed approximately 400 checks written on the account. During the fraudulent scheme the Sorensens and Walters defrauded USA Drug of over \$525,000. Over \$248,000 of the MMM proceeds were dispersed directly to Garret and Katherine Sorensen who purchased a boat, a Jeep and a Suburban with the money.

The maximum statutory penalty for conspiracy to commit mail fraud is 20 years imprisonment. The maximum for each count of mail fraud is 20 years imprisonment. The maximum statutory penalty for each count of money laundering is 10 years imprisonment. They face a potential fine of twice the amount of the overcharging and the remaining mail fraud and money laundering counts carry a potential fine of \$250,000 for each count.

The investigation was conducted by the Little Rock Field Office of the Federal Bureau of Investigation. The case is being prosecuted by Assistant United States Attorney Patricia Harris and Senior Legal Advisor Michael Johnson.

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An indictment contains only allegations. The defendants are presumed innocent unless and until proven guilty.